

**ST. MARY PARISH  
COMMUNICATIONS DISTRICT**

Morgan City, Louisiana

Financial Report

Year Ended December 31, 2013

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
St. Mary Parish Communications District  
Morgan City, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Mary Parish Communications District (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As Described in Note 10 of the financial statements, the District implemented the provisions of the Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 23 and 24 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of insurance in force listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of insurance in force on page 26 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
May 9, 2014

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Statement of Net Position  
December 31, 2013

	Governmental Activities
<hr/>	
ASSETS	
Cash and interest-bearing deposits	\$ 764,078
Communications taxes receivable	71,264
Accrued interest receivable	443
Other receivables	25
Prepaid expenses	8,153
Capital assets, net	<u>66,077</u>
Total assets	<u>910,040</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>43,666</u>
NET POSITION	
Net investment in capital assets	66,077
Unrestricted	<u>800,297</u>
Total net position	<u>\$ 866,374</u>

*The accompanying notes are an integral part of the financial statements.*



ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Statement of Activities  
Year Ended December 31, 2013

	<u>Governmental Activities</u>
Operating expenses:	
Public safety:	
Salaries and related taxes and benefits	\$ 497,315
Telephone and equipment rental	75,710
Dues and subscriptions	78
Insurance	17,044
Office	8,991
Professional fees	7,133
Repairs and maintenance	8,748
Supplies	1,580
Travel and training	3,389
Utilities	4,210
Depreciation	24,231
Total expenses	<u>648,429</u>
Program revenues:	
Charges for services	
Landline tax	298,704
Cellular tax	350,658
Prepaid wireless tax	65,070
Other	6,385
Total program revenues	<u>720,817</u>
Net revenues	72,388
General revenues:	
Interest earned	<u>674</u>
Change in net position	73,062
Net position, beginning of year	<u>793,312</u>
Net position, end of year	<u>\$ 866,374</u>

*The accompanying notes are an integral part of the financial statements.*

## **FUND FINANCIAL STATEMENTS**

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Balance Sheet  
Governmental Fund  
December 31, 2013

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 764,078
Communications taxes receivable	71,264
Accrued interest receivable	443
Other receivable	<u>25</u>
Total assets	<u>\$ 835,810</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	\$ 43,666
Fund balance:	
Unassigned	<u>792,144</u>
Total liabilities and fund balance	<u>\$ 835,810</u>

(continued)

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Balance Sheet (continued)  
Governmental Fund  
December 31, 2013

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total fund balance for the governmental fund at December 31, 2013	\$ 792,144
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:

Furniture and equipment, net of \$205,021 accumulated depreciation	66,077
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Expenses paid during the year but attributable to periods after the current year are recorded as prepaid expenses in the statement of net position. These items consist of insurance premiums.

8,153
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Net position at December 31, 2013

<u>\$ 866,374</u>
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*The accompanying notes are an integral part of the financial statements.*

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
Year Ended December 31, 2013

	<u>General Fund</u>
Revenues:	
Landline tax	\$ 298,704
Cellular tax	350,658
Prepaid wireless tax	65,070
Other revenues	674
Interest earned	6,385
Total revenues	<u>721,491</u>
Expenditures:	
Public safety:	
Salaries and related taxes and benefits	497,315
Telephone and equipment rental	75,710
Dues and subscriptions	78
Insurance	16,838
Office	8,991
Professional fees	7,133
Repairs and maintenance	8,748
Supplies	1,580
Travel and training	3,389
Utilities	4,210
Capital outlay	8,167
Total expenditures	<u>632,159</u>
Net change in fund balance	89,332
Fund balance, beginning of year	<u>702,812</u>
Fund balance, end of year	<u>\$ 792,144</u>

(continued)

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)  
Governmental Fund  
Year Ended December 31, 2013

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of the Governmental Fund to the Statement of Activities

Total net change in fund balance - the governmental fund \$ 89,332

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated  
over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of		
Revenues, Expenditures and Changes in Fund Balance	8,167	
Depreciation expense for the year ended December 31, 2013	<u>(24,231)</u>	(16,064)

Governmental activities report the changes in prepaid expense as an  
increase or decrease in current expenses.

Current year prepaid expense	8,153	
Prior year prepaid expense	<u>(8,359)</u>	<u>(206)</u>

Change in net position for governmental activities \$ 73,062

*The accompanying notes are an integral part of the financial statements.*

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements

INTRODUCTION

The St. Mary Parish Communications District (hereinafter “District”) was created by Ordinance No. 1054 of the St. Mary Parish Council, on March 8, 1989, to provide emergency 911 services for all territory within the corporate limits of the Parish of St. Mary, State of Louisiana.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(1) Summary of Significant Accounting Policies

The more significant of the District’s accounting policies are described below.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Government Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- Appointing a voting majority of an organization’s governing body, and the ability of the parish council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.
- Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements (continued)

Because the parish council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the St. Mary Parish Communications District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for States and Local Governments*, issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is classified as a governmental fund. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund is considered to be a major fund of the District. The District’s general fund is described below:



ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements (continued)

Governmental Fund –

General Fund – This fund is the primary operating fund of the District and it accounts for the operations of the District's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing assets.

Capital assets are recorded in the Statement of Net Position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Equipment	5-10
Furniture & fixtures	10

D. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. The District uses the following practices in recording certain revenues and expenditures:

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements (continued)

Revenues

The District's major revenue source is the Communications District tax, which is recorded as revenue in the month collected by the various telecommunications companies.

Intergovernmental revenues are recorded when approved for payment by the payer or governing body.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is that principal and interest on long-term debt is recognized when due.

E. Cash

Cash includes amounts in demand deposits and interest-bearing time deposits.

F. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used.

Upon termination, an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to retirement.

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. These accruals at December 31, 2013 totaled approximately \$11,687.

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements (continued)

G. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional, provisional, or enabling legislation.
- c. *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified in accordance with GASB Statement No. 54 as follows:

- a. *Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. *Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. *Committed* – Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the members of the Board of Commissioners.
- d. *Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the Director may assign amounts for specific purposes.
- e. *Unassigned* – All other spendable amounts.

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers the restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners or the Director has provided otherwise in its commitment or assignment actions.

(2) Cash

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2013, the District has cash (book balances) totaling \$764,078 as follows:

Demand deposits	\$ 708,471
Time deposits	<u>55,607</u>
Total cash and equivalents	<u>\$ 764,078</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2013, deposit balances (bank balances) totaling \$779,605 are secured as follows:

Federal deposit insurance	\$ 555,470
Uninsured and collateralized with pledged securities	<u>224,135</u>
Total federal deposit insurance and pledged securities	<u>\$ 779,605</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District may not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or reduce exposure to custodial credit risk. Deposits in the amount of \$224,135 were exposed to custodial credit risk. Collateral securities are held by the bank, or by its trust department or agent, but not in the District's name. Even though the pledged securities are not held in the name of the District, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the depository financial institution has failed to pay deposited funds upon demand.

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements (continued)

(3) Receivables

The following is a summary of communications taxes receivable at December 31, 2013:

Amounts due from:	
Landline providers	\$ 27,600
Wireless providers	<u>43,664</u>
	<u>\$ 71,264</u>

Management is of the opinion that all receivables are collectible; therefore, no provision for uncollectible accounts receivable has been made for the year ended December 31, 2013.

(4) Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Balance</u> <u>1/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2013</u>
Assets being depreciated:				
Governmental activities:				
Furniture and equipment	\$269,609	\$ 8,167	\$ (6,678)	\$ 271,098
Less: accumulated depreciation	<u>(187,468)</u>	<u>(24,231)</u>	<u>6,678</u>	<u>(205,021)</u>
Net capital assets	<u>\$ 82,141</u>	<u>\$ (16,064)</u>	<u>\$ -</u>	<u>\$ 66,077</u>

Depreciation expense in the amount of \$24,231 was charged to public safety.

(5) Compensation Paid to Commissioners

The Commissioners of the District received no per diem for the year ended December 31, 2013.

(6) Pension Plan and Other Retirement Benefits

All full-time employees of the District are members of the Parochial Employees Retirement System of Louisiana, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. All employees of the District are members of Plan A.

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements (continued)

All permanent employees working at least 28 hours per week who are paid wholly or in part from District funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Plan members are required to contribute 9.50% of their annual covered salary. The District is required to contribute at a rate established by the Louisiana Legislature. The current rate is 16.75% of annual covered payroll. The District's contributions to the System for the years ended December 31, 2013, 2012, and 2011 were \$47,497, \$41,720, and \$44,121, respectively, equal to the required contribution for each year.

(7) Risk Management

The District is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against most of these perils. There were no significant reductions in insurance coverage, retentions, or limits during the current year. Settled claims have not exceeded commercial coverages in any of the previous three fiscal years.

(8) Concentrations

Substantially all of the District's revenues are in the form of communications and cellular tax revenues. The Communications taxes collected during 2013 accounted for approximately 41% of the District's total revenues. The Cellular taxes collected accounted for approximately 49% of the District's total revenue received.

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Financial Statements (continued)

(9) Addenda to Financial Report Required by LA R.S. 33:9101 et seq

The collection of the Wireless E911 tax is authorized by Louisiana Revised Statute 33:9109. According to the statute, the District is to collect the tax from the providers of wireless communications. The proceeds of the tax are restricted in use for payment of service suppliers' and the District's costs associated with the implementation of Phase I and Phase II enhancements required by the FCC. Once these expenditures have been made and the system implementation is complete, the proceeds become unrestricted and may be used for any lawful purpose of the District. All Phase I and Phase II system implementation requirements are complete. During the year ended December 31, 2013, the District collected wireless communication taxes totaling \$350,658.

During the year ended December 31, 2013, the District received a total of 45,784 calls. This represented a 2.8 percent increase in call volume for the District over its 2012 call volume.

(10) New Accounting Pronouncements

During the year ended December 31, 2013, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by GASB Statement No. 67. The provisions of GASB Statement No. 68 must be implemented by the District for the year ended December 31, 2015. The effect of implementation of this statement on the District's financial statements has not yet been determined.

## **REQUIRED SUPPLEMENTARY INFORMATION**



ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Budgetary Comparison Schedule  
General Fund  
Year Ended December 31, 2013

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Tax				
Landline tax	\$ 264,026	\$276,432	\$298,704	\$ 22,272
Cellular tax	365,641	363,409	350,658	(12,751)
Prepaid wireless tax	52,892	63,376	65,070	1,694
Other revenues	<u>4,656</u>	<u>7,248</u>	<u>7,059</u>	<u>(189)</u>
Total revenues	<u>687,215</u>	<u>710,465</u>	<u>721,491</u>	<u>11,026</u>
Expenditures:				
Public safety:				
Salaries and related taxes and benefits	510,705	509,320	497,315	12,005
Telephone and equipment rental	74,977	70,739	75,710	(4,971)
Dues and subscriptions	3,120	1,613	78	1,535
Insurance	17,954	17,794	16,838	956
Office	12,292	13,567	8,991	4,576
Professional fees	6,950	6,389	7,133	(744)
Repairs and maintenance	11,400	9,336	8,748	588
Supplies	6,500	1,179	1,580	(401)
Travel and training	3,800	3,204	3,389	(185)
Utilities	5,600	5,294	4,210	1,084
Capital outlay	<u>6,300</u>	<u>8,775</u>	<u>8,167</u>	<u>608</u>
Total expenditures	<u>659,598</u>	<u>647,210</u>	<u>632,159</u>	<u>15,051</u>
Net change in fund balance	27,617	63,255	89,332	26,077
Fund balance, beginning of year	<u>708,363</u>	<u>702,812</u>	<u>702,812</u>	<u>-</u>
Fund balance, end of year	<u>\$ 735,980</u>	<u>\$766,067</u>	<u>\$792,144</u>	<u>\$ 26,077</u>

*See notes to budgetary comparison schedule.*

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget for the General Fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

(2) Budgetary Practices

The District prepares and adopts a budget in accordance with LA R.S. 39:1301 et seq. All annual appropriations lapse at fiscal year end. Budgets are amended when deemed necessary by the board of commissioners.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

## **OTHER SUPPLEMENTARY INFORMATION**

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Schedule of Insurance in Force  
December 31, 2013  
(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Exp. Date</u>
Special Risk Ins., Inc.	Business personal property	Contents \$ 632,659	6/13/2014
Special Risk Ins., Inc.	Auto liability	Each accident Uninsured motorist \$ 1,000,000 \$ 1,000,000	6/13/2014
LWCC	Workers compensation	Each accident \$ 1,000,000 Policy limit \$ 1,000,000	12/31/2014
Special Risk Ins., Inc.	Management liability	Aggregate \$ 2,000,000 Each accident \$ 1,000,000	6/13/2014
Special Risk Ins., Inc.	General liability	Aggregate \$ 2,000,000 Each accident \$ 1,000,000	6/13/2014

## **INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Retired  
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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners  
St. Mary Parish Communications District  
Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Mary Parish Communications District (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 9, 2014.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control that we consider to be a material weakness and which is described in the accompanying summary schedule of audit results and findings as item 2013-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **District's Response to Finding**

The District's response to the finding identified in our audit is included in the accompanying corrective action plan for current audit findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
May 9, 2014

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2013

2012-1 Inadequate Segregation of Accounting Functions

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: The District's board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregations of duties would exceed its benefits. No additional response is deemed necessary.

CURRENT STATUS: This finding has not been resolved. Based on the size of the District's operations and the number of employees of the District, it may not be economically feasible for the District to attempt to obtain complete segregation of duties in its accounting system.



ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Schedule of Audit Results and Findings  
Year Ended December 31, 2013

Part I. Summary of Auditors' Results:

Unmodified opinions were issued on the financial statements of the District's governmental activities and the major fund.

One deficiency in internal control over financial reporting was disclosed during the audit of the financial statements. This deficiency is reported in Part II and is considered a material weakness.

No material instances of noncompliance were noted during the audit of the financial statements.

A management letter was not issued.

Part II. Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2013-1 Inadequate Segregation of Accounting Functions

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal Control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements or both.

CAUSE: Due to limited personnel performing administrative functions, the same person or persons prepares checks, reconciles bank statements, enters information into the general ledger, prepares journal entries and posts to the general ledger, and performs other significant administrative and financial functions within the accounting system.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: The District's board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregations of duties would exceed its benefits. No additional response is deemed necessary.

Part III. Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended December 31, 2013.

ST. MARY PARISH COMMUNICATIONS DISTRICT  
Morgan City, Louisiana

Corrective Action Plan for Current Audit Findings  
Year Ended December 31, 2013

2013-1 Inadequate Segregation of Accounting Functions

The District's board is aware of the condition and has decided that the benefit of the additional controls derived by employing additional personnel in the accounting functions is outweighed by the additional personnel costs.